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SUBJECT: TAJIKISTAN AND AES FINALLY SIGN MOU

CLASSIFIED BY: Richard E. Hoagland, Ambassador, EXEC, Embassy  
Dushanbe.

REASON: 1.4 (b), (d)

11. (C) AES Corporation President and CEO Paul Hanrahan and his team met with President Rahmonov for an hour on May 24. With the president were Deputy Prime Minister Ghulomov, Minister of Energy Yorov, Minister of Economy Soliyev, Chairman of Barqi Tojik (state electricity company Samiyev, Presidential Economic Adviser Davlatov, and Chairman of the National Bank Alimardonov.

12. (C) Toward the end of the meeting, President Rahmonov authorized his government to sign the Memorandum of Understanding (MOU) that establishes a new joint venture that in the first phase will rehabilitate or build new 220 kV lines to the Afghan border and concurrently conduct feasibility studies for further work. Phase Two would study Tajikistan and Afghanistan building a 500 kV line from the Tajik-Kyrgyz border to Pakistan. Phase Three would identify the two most likely sites in Tajikistan to construct hydroelectric stations for a maximum total of 1,000 MW capacity.

13. (SBU) Rather than list the details of the MOU, the purpose of this cable is to capture the key atmospherics and geopolitics of the meeting.

"OK, GUYS, HERE'S WHAT I WANT"

14. (C) Rahmonov opened the meeting by declaring he'd made a political decision that Tajikistan was going to work with AES. All that remained was to work out the details. Although the details had been worked out over months and months, and it was

clear Rahmonov's team had well briefed him, he started riffing on what he thought should really be done. For example, rather than an AES-Barqi Tojik joint venture with AES holding no fewer than 55 percent of the shares over a 15-year period, Rahmonov said he wanted the venture to be tri-partite - AES, Barqi Tojik, and the Government of Tajikistan, with AES holding 49 percent of the shares - and that 12 years should be long enough. Rahmonov said, "I don't think we need to bargain. I'm making a political decision. We're ready to work with you, especially since Ambassador Boucher told me the U.S. Government supports AES. Isn't that true?" he asked the Ambassador, without waiting for a reply.

¶15. (C) Rahmonov made a pitch for AES to take a careful look at Dashti Zhum, but didn't run through his detailed talking points, as he usually does on this subject. Instead, he focused on the steady year-round availability of water.

RUSAL -- NYET

¶16. (C) He then asked, with a twinkle in his eye, "Are you ready to participate in Rogun?" A bit non-plussed, Hanrahan replied, "I thought that was RusAl's." After the laughter died down, Rahmonov said, "Seriously, if they [RusAl] want to operate here, they have to be transparent. They aren't at all transparent, and I'll tell that to Putin in Sochi in a few days. We are Tajikistan. We may be the poorest state in the region, but we ARE Tajikistan!"

¶17. (C) COMMENT: Although it was clear what he meant, this echoed a bit close to "l'etat, c'est moi," especially as his senior advisors - except Ghulomov and Davlatov - all played jack-in-the-box, jumping up and staring straight ahead to answer Rahmonov's questions, even if only with, "Yes, sir!" END COMMENT.

RAO UES -- DA

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¶18. (C) By contrast, Rahmonov praised Anatoliy Chubais and RAO UES, a company he described as orderly and trustworthy, meeting

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international standards. AES Central Asia Vice President Dale Perry said AES would still like to work with RAO UES on Sangtuda-I. Rahmonov responded, "I know, but~." He then added encouragingly, "Maybe you can get together on a later phase of your project. I'd like that."

A GIFT FOR 'THEM'

¶19. (C) After a lot of technical back and forth, Rahmonov said, "OK. Let's sign today. It will be a good gift for 'them' this evening. It's no secret Russia is watching this closely, but we make our own decisions." [NOTE: "Them" clearly referred to the CIS heads of state arriving in Dushanbe the same evening, and probably specifically to Russian Prime Minister Fradkov. END NOTE.]

¶110. (C) In conclusion, Rahmonov told Hanrahan, "OK, now get to work. I want results, concrete results, and I want them fast."

¶111. (C) The agreement was signed at 8:00 pm, after five hours hammering out the finer points of the seven-page MOU. DPM Ghulomov himself read the final draft line by line, and invited the press to the signing with Hanrahan. [NOTE: AES VP Perry was originally designated as the signator, but the Tajiks insisted if the DPM signed the MOU, then the AES president should as well. END NOTE.]

¶112. (C) COMMENT: This MOU represents the first step for the Tajiks and for AES. RusAl and RAO UES are rumored to work from loose two-page MOUs, which lead to multiple disputes and lengthy negotiations for contracts. This is the Tajik government's first taste of a transparent negotiation process, and we hope

the benefits increase their appetite. END COMMENT.  
HOAGLAND